

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6020

BILL NUMBER: HB 1047

NOTE PREPARED: Apr 7, 2003

BILL AMENDED: Apr 7, 2003

SUBJECT: Small Claims Court Jurisdiction.

FIRST AUTHOR: Rep. Ulmer

FIRST SPONSOR: Sen. Long

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

(A) It makes the small claims jurisdictional limit \$6,000 across the state.

(B) It creates a small claims service fee equal to the actual cost of service in the small claims action.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) *Provision A:* The current small claims limit in all other counties is \$3,000 except for Allen and Marion Counties in which it is currently \$6,000. Increasing this limit to \$6,000 will allow more litigants to file cases in small claims dockets rather than as civil plenary cases.

Revenue Loss: (see following table for illustration) The fee for a civil plenary case is \$100, of which \$70 is deposited into the state General Fund. The fee for a small claims case is \$35, of which \$24.50 is deposited in the state General Fund.

Consequently, the state General Fund would receive \$45.50 less for each case that is filed as a small claims rather than as a civil plenary case.

The number of civil plenary cases with claims between \$3,000 and \$6,000 is not known, consequently the potential revenue loss is indeterminable.

		Civil	Small Claims	Difference
Filing Fee		\$100.00	\$35.00	
State Share	70%	\$70.00	\$24.50	\$45.50
Local Share	30%	<u>\$30.00</u>	<u>\$10.50</u>	<u>\$19.50</u>
Total		<u>\$100.00</u>	<u>\$35.00</u>	<u>\$65.00</u>

Explanation of Local Expenditures: (Revised) *Provision A:* Small claims divisions have very high volume and require considerable staff resources, particularly since the litigants often are not represented by attorneys and do not understand court procedures. Consequently, many courts have several staff people assigned to help litigants with filing claims, giving directions, and answering telephone calls. If the small claims caseload increases, courts with small claims jurisdictions may need to either increase staff or reassign staff from other court functions to accommodate the increased number of litigants.

Explanation of Local Revenues: Revenue Loss: *Provision A:* The local general funds would lose \$19.50 for each case that is filed as a small claims rather than as a civil plenary.

A total of 202,344 small claims actions were filed in courts of record with small claims jurisdiction in 2001 outside of Allen and Marion Counties. A total of 71,236 civil plenary actions were filed in courts of record outside of Allen and Marion Counties in 2001.

Provision B would allow the clerk of the circuit court to recover the costs of sending notice to a respondent in a small claims case. The current rate for a certified letter with a return receipt is \$4.42. Currently, if a clerk sends more than two notices to respondents in a small claims case, then the local share of \$10.50 would not be sufficient to cover the costs of the mailings. This bill allows the clerk to collect an additional small claims service fee equal to the actual cost of service in a small claims action.

State Agencies Affected:

Local Agencies Affected: All courts of record with small claims jurisdiction except Marion and Allen Counties.

Information Sources: 2001 *Indiana Judicial Report*; Lilia Judson, Executive Director, Division of State Court Administration.

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